

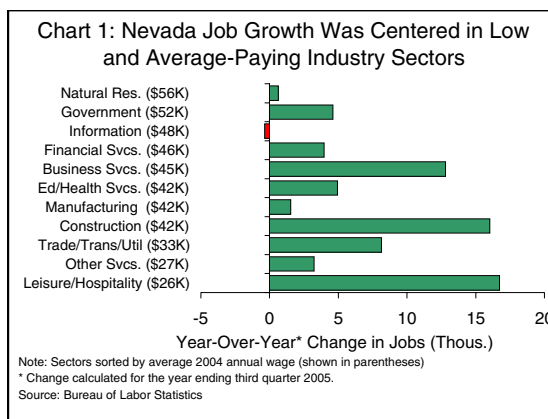
FDIC State Profile

Winter 2005

Nevada

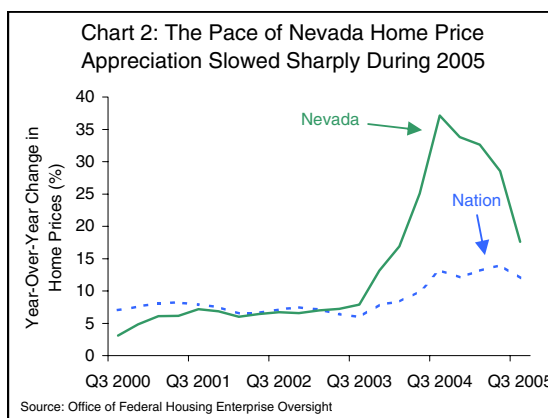
Nevada job growth remained strong and wages increased.

- Although Nevada job gains decelerated slightly in third quarter 2005, the state maintained its first place rank in the nation for the eleventh straight quarter. Recently released wage data for first quarter 2005 show that Nevada wages increased 2.6 percent, faster than the nation.
- Recent job growth was led by the low-paying leisure sector and by gains in the business services and construction sectors, which each reported higher annual wages than the state average of \$37,000 (see Chart 1).
- Forecasts indicate that Nevada will continue to rank among the states with the fastest job growth in 2006.¹



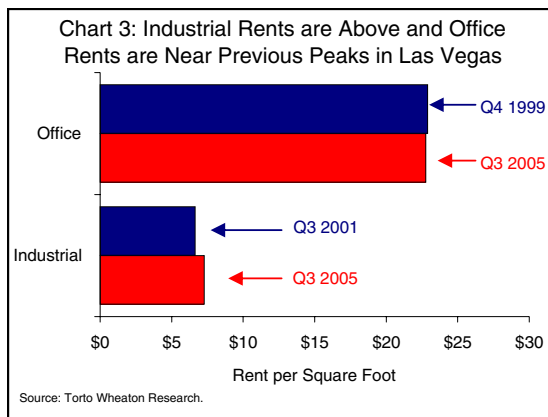
Nevada residential markets have cooled.

- Although year-over-year home price appreciation in Nevada slowed sharply from 28.6 percent in the second quarter to 17.6 percent in third quarter 2005, it still outpaced the nation (see Chart 2).²
- Year-over-year home price appreciation in **Las Vegas** also slowed sharply to 13.8 percent during third quarter 2005. Even with this slowing, DataQuick reported that the number of homes sold in **Clark County** during third quarter 2005 was up 9 percent relative to year-ago levels.
- Reno** home prices, which had gained 32.9 percent year-over-year in mid-2005, decelerated to 22.3 percent in the third quarter. Marketing times in southwest Reno have reportedly lengthened from 54 days in October 2004 to 75 days in October 2005.³



Las Vegas commercial real estate rents improved.⁴

- Third quarter 2005 rents in the industrial and office sectors rose despite a slight quarterly increase in vacancy



¹Forecast data from Moody's Economy.com.

²Based on data from the Office of Federal Housing Enterprise Oversight.

³According to Realtor.com Market Conditions report.

⁴Based on office and industrial property data from Torto Wheaton Research and multifamily property data from Property & Portfolio Research.

rates. Office rents are near their prior highs while industrial rents have exceeded them (see Chart 3).

- Apartment vacancies in Las Vegas declined to 4.1 percent during third quarter 2005, the lowest level since 1997. Apartment rents edged up slightly, in part a reflection of strong job growth and a moderation in supply due to recent focus on condominium construction by developers. Nevertheless, multifamily units in the planning and bidding phases amount to 14 percent of existing stock, the highest among major markets in the nation.

Strong population growth propelled banking activity.

- Nevada, with the fastest population growth rate nationally for the 18th consecutive year, has been a magnet for banking activity. Nevada added 28 banking offices between June 2004 and June 2005 and ranked fourth nationally in office growth.
- During the year ending June 2005, most new offices were opened in the Las Vegas (19) and Reno (4) metropolitan areas. Notwithstanding recent branching activity, Las Vegas and Reno have significantly more people per banking office than metropolitan areas nationwide (see Map 1).
- As of June 2005, branches of out-of-state institutions held 53 percent of all Nevada deposits, compared with 44 percent five years ago. This is a reflection both of new entrants and industry consolidation.

Earnings performance strengthened.

- Third-quarter 2005 earnings increased significantly year-over-year, driven primarily by net interest margin expansion. Nevada-based banks reported the third highest median pre-tax return on assets in the nation.
- Rising short-term interest rates benefited margins among Nevada-based banks, reflecting higher investments in short-term assets. The median bank in the state had more than 40 percent of assets scheduled to reprice within three months (see Chart 4) compared to 25 percent nationwide.
- Strong credit quality also influenced results. Roughly 21 percent of institutions reported no provision expenses during the third quarter, up from 16 percent during the same period last year.

Problem loan ratios declined, but exposure to high-risk loans increased.

- Nevada insured institutions ranked third lowest among the states for past-due loans in third quarter 2005, in part because more than 25 percent of institutions held no

past-due loans. In addition, 41 percent reported delinquencies below 1 percent (see Chart 5).

- Strong economic fundamentals, a high proportion of young institutions with unseasoned loan portfolios, and continued robust loan growth, may have helped to ease statewide delinquency levels.
- Loan growth pushed the concentration of construction loans to 176 percent of Tier 1 capital and the overall commercial real estate loan concentration to 480 percent. Both levels ranked second in the nation.

Map 1: Rural Counties Reported Fewer Residents per Banking Office than Larger Nevada Markets

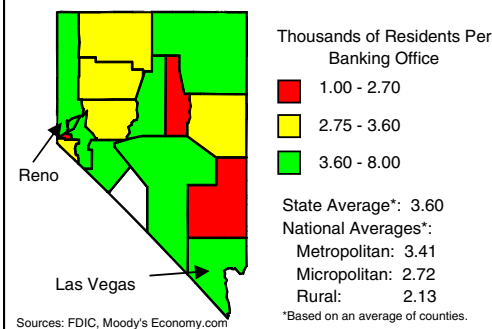


Chart 4: Adjustable-Rate and Short-Term Assets Increased Among Nevada Bank Balance Sheets

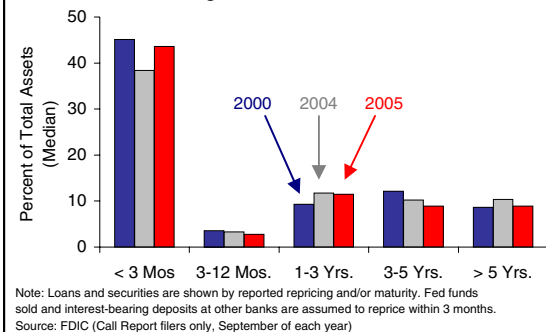
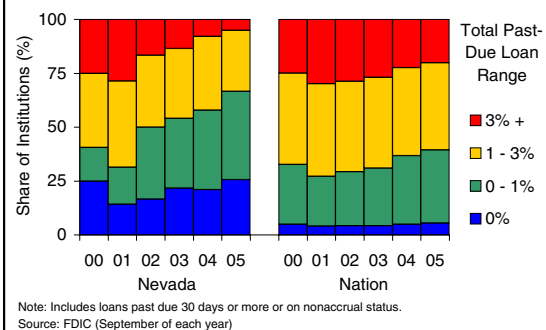


Chart 5: Most Nevada-Based Institutions Reported Low Delinquency Ratios



Nevada at a Glance

ECONOMIC INDICATORS (Change from year ago, unless noted)

Employment Growth Rates	Q3-05	Q2-05	Q3-04	2004	2004
Total Nonfarm (share of trailing four quarter employment in parentheses)	6.2%	6.5%	6.4%	5.9%	3.5%
Manufacturing (4%)	3.3%	2.8%	5.6%	5.0%	1.8%
Other (non-manufacturing) Goods-Producing (12%)	12.5%	14.9%	18.0%	16.5%	8.0%
Private Service-Producing (73%)	5.8%	5.9%	5.3%	5.0%	3.0%
Government (12%)	3.5%	3.9%	2.8%	2.7%	3.1%
Unemployment Rate (% of labor force)	4.2	4.0	4.2	4.3	5.1
Other Indicators	Q3-05	Q2-05	Q3-04	2004	2004
Personal Income	N/A	10.8%	10.0%	10.1%	7.5%
Single-Family Home Permits	16.4%	-16.0%	2.6%	14.5%	20.7%
Multifamily Building Permits	183.8%	90.5%	-66.7%	-48.5%	28.9%
Existing Home Sales	0.3%	0.0%	8.9%	23.4%	27.4%
Home Price Index	17.6%	28.6%	37.1%	28.5%	8.9%
Nonbusiness Bankruptcy Filings per 1000 people (quarterly annualized level)	9.77	8.56	6.93	7.39	11.59

BANKING TRENDS

General Information	Q3-05	Q2-05	Q3-04	2004	2004
Institutions (#)	39	38	38	38	37
Total Assets (in millions)	377,695	58,648	56,810	56,085	59,206
New Institutions (# < 3 years)	4	3	6	5	5
Subchapter S Institutions	4	4	4	4	3
Asset Quality	Q3-05	Q2-05	Q3-04	2004	2004
Past-Due and Nonaccrual Loans / Total Loans (median %)	0.29	0.46	0.52	0.45	0.79
ALLL/Total Loans (median %)	1.12	1.13	1.18	1.15	1.25
ALLL/Noncurrent Loans (median multiple)	3.04	3.06	3.25	3.06	3.21
Net Loan Losses / Total Loans (median %)	0.00	0.00	0.00	0.03	0.19
Capital / Earnings	Q3-05	Q2-05	Q3-04	2004	2004
Tier 1 Leverage (median %)	9.42	9.35	9.26	9.78	9.39
Return on Assets (median %)	1.56	1.61	1.33	1.32	1.03
Pretax Return on Assets (median %)	2.28	2.21	1.92	1.90	1.56
Net Interest Margin (median %)	5.25	5.07	4.75	4.85	4.77
Yield on Earning Assets (median %)	7.06	6.72	5.90	6.01	6.38
Cost of Funding Earning Assets (median %)	1.84	1.59	1.17	1.22	1.39
Provisions to Avg. Assets (median %)	0.18	0.16	0.30	0.23	0.32
Noninterest Income to Avg. Assets (median %)	0.33	0.30	0.40	0.34	0.45
Overhead to Avg. Assets (median %)	2.83	2.98	2.85	2.92	3.24
Liquidity / Sensitivity	Q3-05	Q2-05	Q3-04	2004	2004
Loans to Assets (median %)	73.7	71.4	71.5	72.5	73.1
Noncore Funding to Assets (median %)	17.4	19.9	14.2	15.8	17.7
Long-term Assets to Assets (median %, call filers)	11.6	10.0	12.9	10.4	11.0
Brokered Deposits (number of institutions)	19	21	21	20	19
Brokered Deposits to Assets (median % for those above)	8.7	8.4	5.4	4.7	6.6
Loan Concentrations (median % of Tier 1 Capital)	Q3-05	Q2-05	Q3-04	2004	2004
Commercial and Industrial	81.1	96.8	107.3	95.3	102.3
Commercial Real Estate	479.6	465.4	421.4	447.9	384.3
Construction & Development	175.5	148.7	137.4	130.7	134.8
Multifamily Residential Real Estate	6.6	6.9	5.5	4.9	4.7
Nonresidential Real Estate	182.3	243.0	244.3	265.6	239.9
Residential Real Estate	35.6	36.3	29.4	38.2	29.5
Consumer	7.1	6.3	8.6	6.7	10.1
Agriculture	0.0	0.0	0.0	0.0	0.0

BANKING PROFILE

Largest Deposit Markets	Institutions in Market	Deposits (\$ millions)	Asset Distribution	Institutions
Las Vegas-Paradise, NV	42	33,605	< \$250 million	17 (43.6%)
Reno-Sparks, NV	18	11,210	\$250 million to \$1 billion	10 (25.6%)
Carson City, NV	14	1,241	\$1 billion to \$10 billion	10 (25.6%)
			> \$10 billion	2 (5.1%)